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Berkey, William Augustus

The inter-convertible bond

[S.l.]

1876?

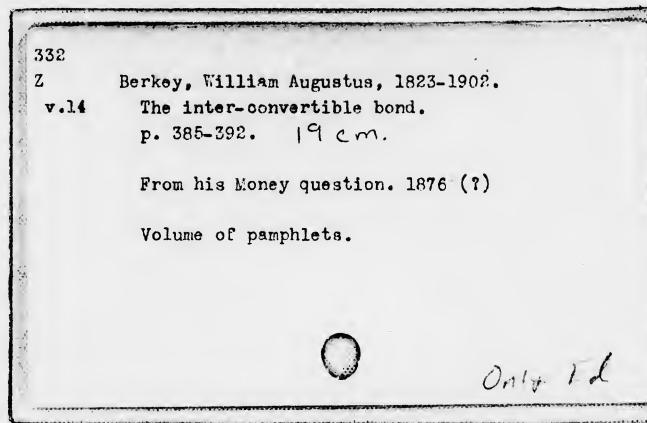
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THE INTER-CONVERTIBLE BOND.

It is urged by many who are favorable to the use of full legal tender paper money that a bond is not essential in regulating the circulation of money; neither can it regulate the rates of interest. The power to make and regulate money has long been recognized as a governmental function, and money issued by the government should be clothed with the same authority, without regard to the material used. The reason of this is obvious. Money to be a public medium of exchange must possess legal representative value, and that can be derived only from the sovereign or law-making power of a nation.

For centuries, many nations have used either gold or silver, or both, out of which they made their money; and in this enlightened age many are led to believe that gold and silver are of themselves money, and that they have been made the standard of value the world over. But such is not the fact, either theoretically or practically.

Legislation must first determine the weight of the coin that represents the unit or measurement of value which enters into the money account of a nation, and even after it is coined, it is not money, neither will it perform the functions of money until legislation declares such coin shall be a le-

gal tender. This alone gives it legal authority to pay taxes and duties, and liquidate debts, and which in turn makes it acceptable as money.

Therefore if the government will properly issue the public treasury note, or any other paper token, and declare their willingness to receive it for taxes and all public dues to the government to the amount inscribed on its face, the same to be made a full legal tender for all private obligations. When the public note is thus issued it possesses all the legal attributes and the same legal authority to perform the functions of money as if the material of which the tokens are made, possessed intrinsic or commercial value.

As we have shown, it is not the material, nor the government stamp, which constitutes money, but the act of Congress declaring its lawful acceptance, which gives it legal ability to liquidate public and private obligations. This alone gives gold, silver and paper legal public authority to perform the functions of money. The demonetizing and remonetizing of silver is a proof of the above argument.

Besides, paper money has many advantages over metallic money.

1st. By reason of the pledges inscribed on its face it represents the property, products and industry of the entire country to the amount or value so inscribed.

2d. It is more valuable and safe, because every individual and all the property and products in the nation, including gold and silver, are held responsible for its security, for all the power and authority given it by law to perform the functions of money.

3d. It is light and convenient to handle and transport, more staple, and consequently less liable to fluctuate, and more difficult to counterfeit than metallic money.

4th. The material of which it is made is not costly. This will enable the government to furnish the people with a circulating medium at a small expense, in sufficient quantity that the people may be set to work and produce actual wealth, (for money should never be considered actual wealth, only the representative of wealth). It will furnish a proper medium of exchange, which is the only instrument that will enable the government to keep the people at work and make them prosperous.

5th. It is unlike gold and silver money, which is limited in quantity. Neither the government nor the people can furnish a sufficient amount of metallic money to effect an exchange of commodities advantageously; and if there could be a sufficient amount obtained, it would require the labor of thousands annually. This would be an actual loss to the government and humanity, and as uselessly appropriated as the building of pyramids or walling of cities in olden times.

The idea of value is something that exists in the minds of the people independent of coins. The unit of value, the beginning point, when once established by custom and education, is used abstractly; and when once fixed in the minds of the people, it passes into the money of account and is capable of measuring all values without the aid of a material that possesses intrinsic value.

Our experience in the use of the greenback for the last fifteen years, although only a partial legal tender has given the best kind of evidence that if we adopt the *full* legal tender absolute paper money system, it will furnish us with the best civilized money ever introduced into any nation on earth.

Money may be issued under the legal tender system, and be made interchangeable with bonds bearing interest, and

yet be absolute money, because the bonds do not enter into the issuing of money; and the arguments favoring the use of the inter-convertible bond are that it will in some way regulate the circulation and interest. But after a more mature thought my opinion is, that the greatest effect the bonds are likely to have over the circulation is contraction; and what makes it more unfavorable, money will most likely be retired into bonds when property is falling, and that is the time when money should be the most plenty. And furthermore, by the use of the inter-convertible bond, we offer a premium as an inducement to capitalists to contract the currency of the country. We must conclude that the highest crime that can be committed upon the people of any nation (except murder) is the contraction of their currency; and whether done by public or private authority, the offenders should be punished by the severest penalty of the law.

Furthermore, there never has been a period in the history of this nation that demanded a more urgent necessity for the government to provide financial assistance than at the present, whereby the millions of idle people can be put to work and produce actual wealth, and stop the downward tendency and evils which idleness is sure to bring to any people, viz: poverty, destitution, ignorance, crime and misery; for all practical people agree that a civilized nation cannot prosper and develop diversified industries unless the government see to it that her people are properly provided with an adequate amount of money. The liberal financial minds of this nation are of the opinion that our government is not providing anything like a sufficient amount to sustain the government and successfully conduct our various branches of industry, so numerously represented, and make us a prosperous nation; and furthermore, nothing short of an increase of our money will secure

to all branches of industry, and in fact all classes of people, good and remunerative wages, which they must have before prosperity can ever return to our nation.

As to the exact amount of money it will require to stimulate the greatest prosperity can only be determined by actual experience. We are confident that when a people are rich and prosperous it will require more money to conduct their business on a cash basis than it will when they are poor. But it is much better that money should be too plenty than too scarce, for when money is plenty everything else is plenty. Furthermore, when money is plenty the people can be kept at work, and all classes of industry will get good wages. This enables them to supply themselves and families bountifully, and in turn equally benefits the professional class. It not only doubles their business, but people are able to pay when they secure the services of the professions. It will be equally beneficial to the business interests of the country. Therefore I do not favor fixing any definite limit or amount per capita any more than for us to limit the extent of individual wealth. But the amount of money should be kept in proportion to our population, wealth and prosperity. Our experience has established the fact that our wealth and prosperity are better securities and regulators for money than a bonded debt.

FROM POMEROY'S DEMOCRAT.

THE MONEY QUESTION: By W. A. BERKEY, Grand Rapids, Michigan. 400 pages. Price by mail, \$1.00.

TESTIMONIALS

As to the Character and Worth of "The Money Question."

From "FARM AND FACTORY," LACROSSE, Wis.

"THE MONEY QUESTION" is the title of a book of nearly 400 pages, written by William A. Berkey, of Grand Rapids, Michigan, which should be in the hands of every man in the country. This book, more than any other extant, strips the money question of all mystery, and explains the relation of money to societary organization, in language that is easily comprehended. In short, this glorious book opens a new channel of thought to the working man. After reading and pondering its pages he feels himself a stronger and better man. The broad light of day begins to dawn upon his heretofore clouded mind. He realizes for the first time in his life that God did not create him a *slave to money*, but on the contrary designed that *money should be his slave*, and that his past ignorance of a question which is of such vital importance to him is all that has made it possible for money to have held him in bondage so long. We shall have occasion to quote frequently from this invaluable work in the future.

Mr. J. W. HORNER, of Parkersburg, Pa., says:—"I find it a very valuable work, and one that should be read and studied by every lover of his country. I consider the money question paramount to all others, and that the 'money aristocracy' of the present day is fraught with more evil to the country than ever the 'slave aristocracy' was, and should be watched closer than the money gamblers. I feel a profound interest in the circulation of your book."

MESSRS. TODD, POLLOCK & GRANGER, Wholesale Furniture Manufacturers of Burlington, Iowa, write: * * * "We have read your able work through carefully, and consider it one of the best works on the money question ever published. It ought to be put into the hands of every voter for careful consideration."

There is more real useful information concerning money in this book than in any we ever before saw. Its chapters tell of the wealth and resources of the United States, and why our people do not enjoy general prosperity; money and its functions; banks and banking; banks of the old world; paper money and the banks of the United States, with a history of them from the first; history of paper money; the national banking system, etc., etc. We wish that a copy of this really exhaustive and valuable book was in the home of every voter in the country. It is full of facts, figures, data, information and proof that legal tender paper money is equally valuable for all business purposes with gold or silver coin, duly stamped and issued as money. It gives the history of money, of banks, of panics, of fluctuations in market, and tells in a plain, earnest way, how the evils of panics and those national depressions made to enrich the few at the expense of the many, may be avoided. Mr. Berkey has done in this book as much for industry and the good of the people as Grant ever did for the army. He has written, as it seems, under inspiration, and has produced a book so full of sense, so forcible in its illustrations, so correct in its statements and conclusions, that it should be a text book in the home and memory of every man who wishes for success in life. By all means send for it. Read it and then you will see why times are hard, and what the remedy to apply to prevent hard times in the future.

From GENERAL BENJAMIN F. BUTLER.

LOWELL, MASS., August 9, 1876.

DEAR SIR:—I am very much obliged to you for a copy of your excellent book upon the money question. It brings together an array of facts and statistics which should be entirely convincing to every thinking man of the nation, of the inexpediency, nay, cruelty of forced resumption of specie payments. Again thanking you for the copy, which I shall keep beside me as a hand-book of dates and facts,

I am, truly yours, BENJ. F. BUTLER.

WOOD F. TOWNSEND, Esq., attorney at law, Danville, Ill., says:—"I have read your book. It is *grand*, and it is doing great good. I hope the State Central Committee will have it circulated largely."

From HON. WENDELL PHILLIPS.

BOSTON, August 1, 1876.

DEAR SIR:—I have just finished a more careful reading of your "Money Question," and cannot resist the impulse to thank you again for the great service you have done the public. I am struck with the completeness of the information furnished. I miss no fact, date or argument, and congratulate you most heartily on your marked success in achieving what, from your preface, I judge was your purpose—though you there undervalue your own work. One rises from its perusal profoundly impressed with the vital importance of the subject, and well furnished with the means to advocate the true method of safety and prosperity.

Yours Respectfully,

WENDELL PHILLIPS.

From the CINCINNATI ENQUIRER.

THE MONEY QUESTION: By WILLIAM A. BERKEY, Grand Rapids, Michigan.

This work, which has just been published, is one of a much more comprehensive and profound character than its title would, perhaps, indicate, and merits more than a passing notice. * * * But it is in the analysis of the devices of the credit system, or substitutes for money possessing an intrinsic value, that the author renders the most valuable contributions to the literature of the day upon the engrossing subject of money. * * * The doctrine that the public note, like other devices of the credit system, is virtually based on commodities in the process of exchange is carried out to its logical results in every direction, and effectually disposes of such questions as, how much money we should have, how it should be put into circulation, etc. Although no pretense is made in regard to style, the work is compact in its character, and is written in remarkably pure English. Mr. Berkey has undoubtedly rendered the cause of honest money a great service, and inflicted a blow upon the Money Power that will be keenly felt.

MR. A. M. COMSTOCK, of San Francisco, the author of "American Finance," writes:—"Your work is the most complete presentation of the subject in print. If it could be generally read it would inaugurate a "new dispensation in finance."

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